



The following document was not prepared by the Office of the State Auditor, but was prepared by and submitted to the Office of the State Auditor by a private CPA firm. The document was placed on this web page as it was submitted. The Office of the State Auditor assumes no responsibility for its content or for any errors located in the document. Any questions of accuracy or authenticity concerning this document should be submitted to the CPA firm that prepared the document. The name and address of the CPA firm appears in the document.

FINANCIAL STATEMENTS

Town of Hatley, Mississippi

For the year ended
September 30, 2003

TOWN OF HATLEY, MISSISSIPPI
TABLE OF CONTENTS
September 30, 2003

Accountant's Report on Agreed-Upon Procedures	1
Accountant's Compilation Report	5
Statement of Cash Receipts and Disbursements - All Fund Types	6
Selected Information	7
Schedule of Investments	8
Schedule of Surety Bonds for Town Officials	9
Schedule of Long-Term Debt.....	10



**FRANKS,
FRANKS &
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 731

1202 N. GLOSTER STREET

TUPELO, MS 38802-0731

E-MAIL: toffice@ffjcpa.com

PHONE 662.844.5226

FAX 662.844.5243

SHAREHOLDERS:

RUDOLPH F. FRANKS

GARY M. FRANKS

P. GREG JARRELL

BRYON WILEMON

SCOTT WILSON

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES

Honorable Mayor and Board of Aldermen
Town of Hatley
Hatley, Mississippi

We have applied certain agreed-upon procedures, as discussed below, to the accounting records of the Town of Hatley, Mississippi as of September 30, 2003, and for the year then ended, as required by the Office of the State Auditor, under the provisions of Section 21-35-31, Miss. Code Ann. (1972). This report is solely for the use of the governing body of the Town of Hatley, Mississippi, and the Office of the State Auditor and should not be used for any other purposes. Our procedures and findings are as follows:

- A. We reconciled cash on deposit with the following banks to balances in the respective general ledger accounts and obtained confirmation of the related balances from the banks:

<u>Bank</u>	<u>Fund</u>	<u>Balance Per General Ledger</u>
Peoples Bank & Trust Co.	General Fund	\$ 5,802
Amory Federal Savings	General Fund	30,000
Peoples Bank & Trust Co.	General Fund	75
Peoples Bank & Trust Co.	General Fund	<u>1,090</u>
Total General Fund		<u>\$ 36,967</u>
Amory Federal Savings	Special Revenue	\$ 18,699
Peoples Bank & Trust Co.	Special Revenue	<u>18,761</u>
Total Special Revenue Fund		<u>\$ 37,460</u>
Peoples Bank & Trust Co.	Proprietary Fund	\$ 74,242
Amory Federal Savings	Proprietary Fund	16,330
Amory Federal Savings	Proprietary Fund	231,681
Amory Federal Savings	Proprietary Fund	<u>133,465</u>
Total Proprietary Fund		<u>\$ 455,718</u>

- B. We confirmed directly with respective banks all investments, including certificates of deposits, owned by the Town of Hatley. All investment transactions during the year were examined for compliance with investments authorized by Section 21-33-323, Miss. Code Ann. (1972). The amount below is included in Cash on Deposit, above for financial statement presentation.

<u>Investment</u>	<u>Fund</u>	<u>Amount</u>
Certificate of Deposit	General Fund	\$ <u>30,000</u>
Certificate of Deposit	Special Revenue Fund	\$ <u>18,699</u>
Certificate of Deposit	Proprietary Fund	\$ <u>231,681</u>
Certificate of Deposit	Proprietary Fund	\$ <u>133,465</u>
Certificate of Deposit	Proprietary Fund	\$ <u>16,330</u>

C. We performed the following procedures with respect to taxes on real and personal property levied during the fiscal year:

1. Proved the mathematical accuracy of the tax rolls and traced levies to governing body minutes;
2. Reconciled the amount of taxes levied per the tax rolls to amounts actually collected;
3. Examined uncollected taxes for proper handling, including tax sales;
4. Traced distribution of taxes collected to proper funds; and
5. Analyzed increase in taxes for most recent period for completion with increase limitations of Sections 27-39-320 to 27-39-323, Miss. Code Ann. (1972).

Tax assessments were found to be mathematically correct and in agreement with collections as follows:

Assessed Valuation and Millage:

Realty	\$ 30,654
Personal	1,563
Personal - Auto	15,031
Less: Special Homestead	<u>(9,570)</u>
Total at 24.50 Mills	<u>37,678</u>

Collections Adjustments:

Add: Delinquent Charges and Prior Year Collections	375
Less: Unpaid Taxes	(404)
Less: Changes to Tax Roll	<u>(0)</u>

TOTAL TO BE ACCOUNTED FOR \$ 37,649

Collection Credits to Funds:

Municipal General Fund	\$ 37,291
Special Revenue Fund	<u>360</u>
Total	37,651

Balance Represented By:

Unaccounted For (Over Settled)	<u>(2)</u>
--------------------------------	------------

TOTAL ACCOUNTED FOR \$ 37,649

The distribution of taxes to funds was found to be in accordance with prescribed tax levies, and uncollected taxes was determined to be properly handled.

- D. We obtained a statement of payments made by the Mississippi Department of Finance and Administration to the municipality. Payments indicated were traced to deposit in the respective bank accounts and recorded in the general ledger with no exceptions. Payments traced were as follows:

<u>Purpose</u>	<u>Receiving Fund</u>	<u>Amount</u>
Sales Tax Allocation	General Fund	\$ 5,597
Gasoline Tax	General Fund	1,351
TVA In Lieu	General Fund	2,904
Municipal Aid	General Fund	248
Fire Protection Allocation	General Fund	2,151
Homestead Exemption Reim	General Fund	1,442

- E. We selected a sample of purchases made by the municipality during the fiscal year. Each sample item was evaluated for compliance with public purchasing requirements set forth in Sections 31-7-1, 31-7-13, 31-7-49, and 31-7-57 Miss. Code, 1972, Annotated, as applicable.

The sample consisted of the following:

Number of Sample Items	1
Dollar Value of Sample	\$ 3,750

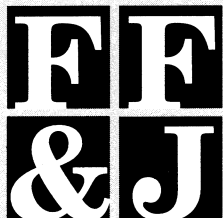
We have found the Town of Hatley's purchasing procedures to be in agreement with the requirements of the above mentioned sections.

- F. We have read the Municipal Compliance Questionnaire completed by the Town. The following responses to the questionnaire or tests of compliance indicate the following noncompliance with state requirements:
1. The Town did perform an annual inventory of fixed assets and most assets that are required to be tagged are tagged. However, the Town does not have a complete Fixed Asset Inventory Ledger. Items missing from the ledger are dates assets were purchased and cost of the assets. (Section 7-7-211 - Municipal Audit and Accounting Guide)

Because the above procedures do not constitute an audit conducted in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts or classes of transactions referred to above. In connection with the procedures referred to above, no matters came to our attention that caused us to believe that the items specified in the proceeding paragraphs should be adjusted. Had we performed additional procedures or had we conducted an audit of the financial statements in accordance with generally accepted auditing standards, matters might have come to our attention that would have been reported to you. This report should not be associated with the financial statements of the Town of Hatley, Mississippi, for the year ended September 30, 2003

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P.A.
February 24, 2004



**FRANKS,
FRANKS &
JARRELL, P.A.**

CERTIFIED PUBLIC ACCOUNTANTS

POST OFFICE BOX 731

1202 N. GLOSTER STREET

TUPELO, MS 38802-0731

E-MAIL: toffice@ffjcpa.com

PHONE 662.844.5226

FAX 662.844.5243

SHAREHOLDERS:

RUDOLPH F. FRANKS

GARY M. FRANKS

P. GREG JARRELL

BRYON WILEMON

SCOTT WILSON

OFFICES LOCATED IN

TUPELO, FULTON & AMORY

MEMBERS OF THE

AICPA & MSCPA

ACCOUNTANT'S COMPILATION REPORT

Honorable Mayor and Board of Aldermen
Town of Hatley
Hatley, Mississippi

We have compiled the accompanying statement of cash receipts and disbursements - all fund types of the Town of Hatley, Mississippi, for the year ended September 30, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of the Town's officials. We have not audited or reviewed the accompanying statement of cash receipts and disbursements - all fund types and, accordingly, do not express an opinion or any other form of assurance on it.

The Town's policy is to prepare its financial statements on the basis of cash receipts and disbursements; consequently, certain revenue is recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. Accordingly, the statement of cash receipts and disbursements - all fund types is not intended to present results of operations, in conformity with generally accepted accounting principles.

The Town's management has elected to omit substantially all of the disclosures ordinarily included in a financial statement prepared on the cash basis of accounting. If the omitted disclosures were included, they might influence the user's conclusions about the Town's cash receipts and disbursements. Accordingly, this financial statement is not designed for those who are not informed about such matters.

The supplementary information contained on pages 8 through 10 is presented for purposes of additional analysis and has been compiled by us from information that is the representation of the officials of the Town of Hatley, Mississippi, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on such supplementary information.

Franks, Franks & Jarrell, P.A.

Franks, Franks & Jarrell, P. A.
February 24, 2004

TOWN OF HATLEY, MISSISSIPPI
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - ALL FUND TYPES
For the year ended September 30, 2003

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Proprietary Fund	
<u>CASH RECEIPTS</u>				
Property Taxes	\$ 22,260	\$ 360	\$	\$ 22,620
Franchise Tax on Utilities	6,691			6,691
Privilege Tax Revenue	156			156
Auto Ad Valorem Tax	15,031			15,031
Intergovernmental Revenues:				
State Shared Revenues:				
General Municipal Aid	248			248
Sales Tax	5,597			5,597
Gasoline Tax	1,351			1,351
TVA In Lieu of Tax	2,904			2,904
Homestead Exemption Reimbursement	1,442			1,442
Fire Protection		2,151		2,151
Charges for Services:				
Water System			172,735	172,735
Solid Waste Income			18,165	18,165
Fines and Forfeits:				
Police Fines	5,244			5,244
Miscellaneous Receipts:				
Interest Income	916	571	11,144	12,631
Donations		575		575
Customer Deposits			888	888
Transfers	(3,098)	2,090	1,008	0
Other Income	1,491	5,000	1,761	8,252
Total Cash Receipts	60,233	10,747	205,701	276,681
<u>CASH OPERATING DISBURSEMENTS</u>				
General Administration and Finance	43,079			43,079
Public Safety: Police	19,928			19,928
Public Works		6,357		6,357
Enterprise: Water			113,504	113,504
Total Cash Operating Disbursements	63,007	6,357	113,504	182,868
<u>Other Cash Disbursements</u>				
Loans Repaid:				
Farmer's Home Administration & CAP Loans:				
Principal			31,823	31,823
Interest			24,453	24,453
Capital Outlay		1,207	6,383	7,590
Total Other Cash Disbursements	0	1,207	62,659	63,866
Total Cash Disbursements	63,007	7,564	176,163	246,734
Excess (Deficiency) of Cash Receipts Over Cash Disbursements	(2,774)	3,183	29,538	29,947
Cash Balance-Beginning of Year	39,741	34,277	426,180	500,198
Cash Balance - End of year	\$ 36,967	\$ 37,460	\$ 455,718	\$ 530,145

See accompanying selected information and accountant's compilation report.

Town of Hatley, Mississippi
SELECTED INFORMATION-Substantially all disclosures required
by generally accepted accounting principles are not included
September 30, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Information

The Town operates under the mayor/board of aldermen form of government and provides services as authorized by law.

Reporting Entity

The financial statement of the Town includes all the funds of the Town.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity.

Basis of Accounting

The financial statement has been prepared on the cash receipts and disbursements basis, as prescribed by the Office of the State Auditor. Consequently, certain revenues are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

NOTE B - REPORT CLASSIFICATIONS

Receipts and disbursements were classified according to requirements for small towns in the state of Mississippi as prescribed by the Office of the State Auditor.

NOTE C - LONG-TERM DEBT

The annual requirements to amortize all debt outstanding as of September 30, 2003, including interest payments of \$123,593 are as follows:

<u>Fiscal Year Ended September 30,</u>	<u>CAP Loans</u>	<u>Farmer's Home Administration</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 15,469	\$ 12,857	\$ 21,170	\$ 49,496
2005	16,126	13,946	19,424	49,496
2006	16,810	15,131	17,555	49,496
2007	17,524	14,363	15,821	47,708
2008	18,268	14,070	13,582	45,920
Thereafter	<u>62,133</u>	<u>107,652</u>	<u>36,041</u>	<u>205,826</u>
	<u>\$ 146,330</u>	<u>\$ 178,019</u>	<u>\$ 123,593</u>	<u>\$ 447,942</u>

The Town does not maintain any debt service funds to service the above notes.

See accountant's compilation report.

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF INVESTMENTS
September 30, 2003

Governmental Fund Types

General Fund:	
General Fund - Certificate of Deposit	\$ 30,000
Special Revenue Fund:	
Fire Department - Certificate of Deposit	<u>18,699</u>
Total Governmental Fund Types	<u>48,699</u>

Proprietary Fund Type

Water Fund - Certificate of Deposit	231,681
Water Fund - Certificate of Deposit	133,465
Water Fund - Certificate of Deposit	<u>16,330</u>
Total Proprietary Fund Type	<u>381,476</u>

Total Investments	\$ <u><u>430,175</u></u>
-------------------	--------------------------

See accountant's compilation report

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF SURETY BONDS FOR TOWN OFFICIALS
September 30, 2003

<u>Name</u>	<u>Position</u>	<u>Company</u>	<u>Bond</u>
Billy Jones	Police Officer	Western Surety Company	\$25,000
Pat Holloway	Assistant Clerk	Western Surety Company	\$10,000
Lee Ann Davidson	City Clerk	Western Surety Company	\$50,000
Steve Hunt	Chief of Police	Western Surety Company	\$50,000
Alexander Collins	Police Officer	Western Surety Company	\$25,000
Virginia Harrison	Alderman	United States Fidelity & Guaranty Company	\$2,500
Joe Benton	Alderman	United States Fidelity & Guaranty Company	\$2,500
Gary Johnson	Alderman	United States Fidelity & Guaranty Company	\$2,500
Jacky Schwartz	Alderman	United States Fidelity & Guaranty Company	\$2,500
Tony Hester	Alderman	United States Fidelity & Guaranty Company	\$2,500

See accountant's compilation report.

TOWN OF HATLEY, MISSISSIPPI
SCHEDULE OF LONG-TERM DEBT
For the year ended September 30, 2003

<u>DEFINITION AND PURPOSE</u>	<u>BALANCE OUTSTANDING OCTOBER 1, 2002</u>	<u>TRANSACTIONS DURING THE FISCAL YEAR REDEEMED/ (BORROWED)</u>	<u>BALANCE OUTSTANDING SEPTEMBER 30, 2003</u>
Notes Payable:			
Farmer's Home Administration #2	\$ 5,732	\$ 5,732	\$ 0
Farmer's Home Administration #3	13,928	2,697	11,231
Farmer's Home Administration #4	175,425	8,637	166,788
CAP Loan #1	136,010	12,451	123,559
CAP Loan #2	<u>25,077</u>	<u>2,306</u>	<u>22,771</u>
TOTAL	\$ <u>356,172</u>	\$ <u>31,823</u>	\$ <u>324,349</u>

See accountant's compilation report.